

lished, but the growing needs of commerce invited co-operation and the extension of banking facilities. Some of the banks began to extend their branches into other cantons and others made conventions with each other for the mutual acceptance of their bills. It was at this stage in the development of Swiss banking that the Federal constitution was revised and authority to legislate regarding banks confided to the Federal government. Protection against monopoly was afforded by the provision of the constitution that Federal legislation " shall not establish a monopoly of the issue of bank bills nor decree their obligatory acceptance." The law of 1875 required the Swiss banks to maintain a cash reserve equal to forty per cent, of their notes in circulation and forbade any one bank to issue circulation in excess of 12,000,000 francs (\$2,400,000). Each bank was required to accept the notes of other banks and to redeem them in coin. The number of banks at the end of 1873 <sup>was</sup> twenty-eight and their circulation was 47,606,000 francs (\$9,400,000), against which there was a cash reserve of 14,892,796 francs. The Act of 1875 was superseded by that of March 8, 1881, which limited the circulation to double the paid-up and •unimpaired capital (*capital versé et réellement existant*) of the banks and required banks of issue to have a capital of at least 500,000 francs. The requirement of a forty per cent, cash reserve was maintained, to be distinct and independent of the other reserves of the bank and kept in a separate account. The remainder of the circulation was required to be fully covered by the deposit of securities or commercial bills. Weekly, monthly, and annual reports are required according to a form prescribed by the Federal Council and an annual examination is made under public authority.<sup>1</sup> The notes are issued through the Federal inspectorate, are delivered to the banks as they need them, and are of a uniform type. A bank which renounces its circulation is required to redeem the notes for a certain time, to surrender the redeemed notes to the Federal authorities and after the

<sup>1</sup> Alfred Neymarck, Article, " Banque," in *Dictionnaire cpfe Politique*, I., 145.